

**FIRST 5 COMMISSION OF SAN DIEGO
1495 Pacific Highway, Suite 202 MS A-211
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**Meeting held at Florence Burnham Hall
Girl Scouts Facility, 1231 Upas Street
San Diego, CA 92103**

Commissioners Present:

Greg Cox, Chairman
Ken Colling, Vice Chairman
Dr. Rodger Lum
Dr. Nancy Bowen

Commissioner Absent:

Dr. Nora Faine

Staff Present:

Laura Spiegel, Executive Director
Denis McGee
Grace Young
Kim Frink
Bill Boggs
Susan Morgan
Rick Collantes
Myra Lopez
Lynda Mills
Rosa Lemus
Amie Meegan
David Smith, Sr. Deputy County Counsel
Patty Kay Danon, District 1

Minutes for October 13, 2003

1. Call to Order

Chairman Cox called the meeting of the First 5 Commission of San Diego to order at 2:05 p.m. He welcomed the TPAC members to this joint meeting and requested all Commission and TPAC members present to introduce themselves.

2. Approval of Commission Meeting Minutes - September 8, 2003

ON MOTION OF Commissioner Colling, seconded by Commissioner Bowen, the Commission approved the minutes of September 8, 2003.

AYES:	Cox, Colling, Lum, Bowen
ABSENT:	Faine
ABSTAIN:	None
NOES:	None

3. Formation of Consent Calendar

ON MOTION OF Commissioner Colling, seconded by Commissioner Bowen, the Commission approved the formation of the Consent Calendar, with Items 5, 6, 8, and 9 being pulled by the Commissioners for presentation and discussion. There were no items pulled by the public. The remaining items were approved per staff recommendation.

AYES:	Cox, Colling, Lum, Bowen
ABSENT:	Faine
ABSTAIN:	None
NOES:	None

4. Public Hearing - First 5 Commission of California Annual Fiscal Audit

Commissioner Colling pointed out that after reviewing the Annual Audit Report, the agenda page should read, "The audit concluded that there were **"no"** instances of non-compliance that would require reporting..." He also suggested a couple of minor changes to the report: 1) top of page 5, add "revenues" after the word State, and 2) Under School

Readiness Incentives on page 15, add "State" before Association. Chairman Cox responded that these suggestions would be relayed to the Auditors for consideration.

ON MOTION OF Commissioner Colling, seconded by Commissioner Bowen, the Commission approved the Annual Audit for Fiscal Year 2002-03 and authorized the Executive Director to submit the Annual Audit to the State Commission. There were no public comments received.

AYES:	Cox, Colling, Faine, Lum
ABSENT:	Bowen
ABSTAIN:	None
NOES:	None

5. Twenty-Year Financial Plan Update

Executive Director Spiegel talked about the Commission's sustainability reserve, a key element in the 20-year financial plan. The purposes of the reserve are: 1) to allow for a long-term evaluation of outcomes and 2) to secure some funding stability in light of threats to Commission revenues, e.g., potential lawsuit, increase in Prop 99 backfill, decrease in interest earnings and expected decline in revenues. So given these threats, the Commission has adopted a sustainability fund policy with the approval of the 2003-06 Strategic Plan. The policy states, "Prop 10 funding not allocated as part of the annual budget process will be invested in a sustaining reserve fund designed to maintain service levels for 20 years. This period will allow for long-term evaluation of children reached through First 5 activities as they enter adulthood. Any excess revenue or unallocated funds will be placed in a sustaining reserve to stabilize funds and extend support for priority results." Executive Director Spiegel explained that when the Commission and TPAC saw the spreadsheet as early as December of last year and January of this year, the intent was to show a model and demonstrate how it could work over time, how the reserve could build, at what point a reserve can be drawn upon to maintain existing service levels. At that time, a starting balance of \$47.9 million for Fiscal Year 01-02 and ending fund balance of \$71.3 million for Fiscal Year 02-03 were used. These figures were used as bases for the model. The starting balance was a sub-total of two Commission actions allocating money specifically to the reserve. There were other monies which were not allocated to the reserve at that time. When the financial audit was completed in September and taking into consideration that the Commission now has a sustainability reserve policy, the actual figures showed a beginning balance of \$111.5 million for Fiscal Year 01-02 and ending fund balance of \$117.5 for Fiscal Year 02-03. Up-to-date assumptions and consultation with the County Chief Financial Officer have assisted staff in coming up with these revised figures. Anticipating that a question might come up as to how much can be pulled out right now and still maintain service levels for 20 years, staff estimated that amount to be \$7.83 million. The following comments were heard during the discussion:

- The 2% return on reserves is very conservative (probably prudent at this point); however, assumptions should be reviewed on an ongoing basis, at least once a year;
- Run a worst case scenario; be more conservative in projecting revenues due to threat of undoing the Prop 10 initiative;
- The \$7.83 million is not intended for any purpose at this time; it is an amount that can be pulled out right now while maintaining the 20-year plan and existing service levels; it was suggested to look into spreading it out, not just spending it lump sum on one program;
- There was a concern about the assumption of \$500,000 decrease in administration/evaluation expense; evaluation is an important piece to show the public that the money is being spent for good purposes and be able to document it. Executive Director Spiegel responded that the reduction took into account the use of the State's PEDS system for evaluation which is being piloted right now. She stated that even with the decrease, there would still be a fair amount allocated for evaluation;
- The reason for choosing 20 years was to give the Commission time to see if high school graduation rates improve. The idea is to invest in the children with the goal that the Commission lasts 20 years. At the same time, good programs need to be sustained in the community that will continue to produce children performing better;
- Some of the functions of the finance committee will be to advise the Commission on long-term investments; create and recommend fiscal policies; look at the reserve on a regular basis and determine when and if it is wise to dip into it; do financial oversight;
- Request the finance committee to see if the accumulation of the reserve might be related to a need for greater administrative support to help manage the programs; too small a staff will have difficulty managing a reserve of this magnitude;
- It was recommended that the policy be revised to have the Executive Director report to the Commission every year on the status of any unspent funds and give the Commission the opportunity to make decisions on

whether those funds should go to the sustaining reserve or make them available to be reallocated to other priority programs or in some cases both. Some of priority areas that are in line with the Strategic Plan include oral health care, mental health services, special needs services for foster care infants and home visitation programs. The reserve should not grow each year beyond the amount projected to sustain programs for 20 years. There are too many unmet needs right now due to the State budget deficit.

- The Executive Director was asked to come back in December with a recommendation on how to allocate the additional monies in the reserve fund after meeting with TPAC and the finance committee.

ON MOTION OF Chairman Cox, seconded by Commissioner Lum, the Commission received the revised twenty-year Financial Plan updated with the Commission's Fiscal 2002-03 audit and assumptions that are more in line with current economic conditions; directed staff to form a standing Commission finance committee that minimally includes the Commission's Executive Director and Operations Manager, a staff member from the County's Audit and Controller's Office, a TPAC member with finance skills, a member of the business community and a representative of the Commission Chair; and directed the Executive Director to come back in December with recommendations on how to allocate the extra money in the reserve fund after meeting with TPAC and the finance committee.

AYES: Cox, Colling, Lum, Bowen
ABSENT: Faine
ABSTAIN: None
NOES: None

6. School Readiness Funding - Contract Amendments

Staff member Boggs reported that the Commission is investing in eight school districts in the county serving around 6,000 children through the School Readiness Initiative. He introduced the school readiness coordinators of the three school districts in the South County which are being funded by the Commission and which have very strong school readiness programs. Nancy Kerwin, Director of Early Intervention Services from Chula Vista, Rita Palet, teacher on special assignment (CBET and SR) from National City and Stella Ohnersorgen, Director of the Preschool and Child Development Program from San Ysidro did presentations of their respective school readiness programs, the common elements among their programs as well as programs that are unique to each school district. They thanked the Commission for making these funds available to the school districts.

ON MOTION OF Commissioner Bowen, seconded by Commissioner Lum, the Commission authorized the Executive Director to execute an amendment to the Chula Vista School District's School Readiness program contract in an amount up to \$780,000 for Fiscal Year 2003-04; and to execute an amendment to the National School District's School Readiness program contract in an amount up to \$360,000 for Fiscal Year 2003-04.

AYES: Cox, Colling, Lum, Bowen
ABSENT: Faine
ABSTAIN: None
NOES: None

7. 2003 Annual Report/2004 Calendar - Printing Costs

ON MOTION OF Commissioner Colling, seconded by Commissioner Bowen, the Commission authorized the expenditure of up to \$19,653 that includes a 10% contingency fund for the design and printing costs of the Commission's 2003 Annual Report/2004 Wall Calendar.

AYES: Cox, Colling, Lum, Bowen
ABSENT: Faine
ABSTAIN: None
NOES: None

8. Infant Immunization Media and Outreach Campaign

Chairman Cox brought everybody's attention to the summary pages that were distributed before the meeting which provided additional information on this item. He stated that there are too many minority children in San Diego county who are not receiving the full services of vaccines being recommended for children 0 to 2 years of age. This media and outreach campaign will help raise awareness of parents and motivate them to seek immunization for their

children, especially the Hispanic, African American and Pacific Islander/Asian population. Although immunization rates for children are climbing, the goal of 90% has not been achieved. Commissioner Colling reiterated the necessity to coordinate this campaign with some of the efforts that already exist, e.g., what CHIP is doing, so that maximum returns can be achieved. In response to TPAC member Carlson's question about capacity to manage the increased immunization as a result of the campaign, Commissioner Bowen stated that there is a very large network in between private medical providers and the community clinics where the vast majority of immunizations are given.

ON MOTION OF Commissioner Colling, seconded by Commissioner Bowen, the Commission found that an infant immunization media and outreach campaign is consistent with the Commission's Strategic Plan, furthers the support and improvement of early childhood development within the County and provides a public benefit; and authorized the Executive Director to work with the Director of the County of San Diego Department of Purchasing and Contracting to issue a Request for Proposal (RFP) to develop and implement a two-year infant immunization media and outreach campaign for up to \$1,000,000.

AYES:	Cox, Colling, Lum, Bowen
ABSENT:	Faine
ABSTAIN:	None
NOES:	None

9. 2-1-1 Contract Amendment

Chairman Cox commented that a great deal of work has been done over the last two years for the 2-1-1 information and referral line in San Diego county. He commended Penny Abell and Sara Matta of Infoline and the different committees that have been working on developing a 2-1-1 plan for San Diego County. The County of San Diego currently contributes about \$400,000 every year to the existing information line. Chairman Cox reported that there is a bill that was introduced recently by Senators Clinton and Dole that if approved will provide a 50% match at the local level to implement 2-1-1 nationwide. Commissioner Colling who has spent a great deal of time on this effort as the Co-chair of the 2-1-1 leadership committee expressed his excitement about the Commission's role as a partner in making a great contribution to a huge health and human services information and referral service. He is glad that this is being sponsored by CHIP which is a broad based organization and the fact that some funders are behind this, i.e., Cal-Endowment, Weingart Foundation, United Way, etc. He feels this fits perfectly with the criteria in the Strategic Plan where it calls for serving the maximum number of children possible in the community. Penny Abell reported that since the contract was approved last September, CHIP has completed their Strategic Plan, hired a full time project manager, and put their eight work teams to work on such important issues as evaluation database and seven-year projected budget for the project. The funding approved today will increase the information referral capacity in the community from the current 77,000 calls a year to about 172,000 at the end of three years. She thanked the Commission for its support, confidence and continued support of CHIP.

ON MOTION OF Commissioner Lum, seconded by Commissioner Colling, the Commission authorized the Executive Director to negotiate and execute a contract amendment with Community Health Improvement Partners for up to \$2 million to fund start-up and operating costs for 2-1-1.

AYES:	Cox, Colling, Lum, Bowen
ABSENT:	Faine
ABSTAIN:	None
NOES:	None

10. State Audit of Local Commissions

Executive Director Spiegel gave a brief report on the impending State Audit of county commissions. The Joint Legislative Audit Committee at the State level has authorized the State Auditor to look at several commissions. Senator Dean Florez of the 16th District is claiming that county commissions do not receive enough oversight from the State. He would particularly like to see Kern County examined. There is a strong likelihood that commissions with large reserves will be the targets. It is not known if San Diego will be one of those that will be audited but staff are preparing in the event that it will. An update will be provided as soon as available.

The Commission received the Executive Director's report on the State Audit of Local Commissions, on Consent. No action was taken on this item as it was for information purposes only.

11. Redefining Zero to Five

Executive Director Spiegel stated that the Commission has been interpreting zero to five as zero to four years, 364 days. After consultation with County Counsel, it has been determined that the intent of the legislation was to provide services up to kindergarten entry or a child's sixth birthday, whichever occurred first. Due to questions that arose as to how the new definition could impact existing grants and contracts, Chairman Cox recommended that this item be referred to TPAC at its November meeting and brought back to the Commission in December as an action item.

There was no action taken on this item as it was originally listed as an information item. This item will be brought back for Commission action in December.

12. State/Staff Report

The Commission received the State/Staff Report, on Consent. No action was taken on this item as it was for information purposes only.

13. TPAC Report

The Commission received the report of the August 18, 2003 TPAC meeting, on Consent.

14. Commission Updates

The Commission received the calendar of community engagement activities for November and December 2003, and an updated summary listing of relevant bills introduced into the 2002 and 2003 legislative sessions, on Consent. No action was taken on this item as it was for information purposes only.

15. Literacy Training for Library Staff

Due to lack of time, this item was tabled for the next meeting.

16. Opportunity for Public Comments

Robert Blodgett, Executive Director of the National Fatherhood Initiative in the West Coast informed the Commission of the existence of his organization in San Diego. He realized the importance of a father's involvement in the raising of a child when one of his four sons got really sick due to respiratory problems and had to be taken care of for about a year. He is aware of the barriers that men face in being involved with their children. The National Fatherhood Initiative is a program that asks men to be involved, committed and responsible to their families and helps them do just that with a number of amazing programs. Public awareness campaigns have been done across the country. He would like to meet with Executive Director Spiegel at some point in time to let her know more about the program. Their website is www.fatherhood.org.

Blair Sadler, President and CEO of Children's Hospital addressed the Commission and TPAC. Being the only pediatric hospital in San Diego and Imperial counties, Children's Hospital has cared for more than 350,000 children in 2003. He mentioned that Children's is the only designated pediatric trauma center and the only pediatric rehabilitation program in the county and, on average, there are 160 children hospitalized in the hospital every day. It has experienced unprecedented and sustained growth, 118%, 196% and 190% increase in emergency care center visits, specialty care clinic visits and orthopedic care team visits respectively since 1995. It treats 78% of San Diego's children under the age of 5. Unfortunately the hospital is facing a challenging time. External and internal financial constraints are greater than ever. More than 50% of revenues for patient care come from government sources for children with little or no private insurance. About \$4 to \$6 million in patient care costs will not be reimbursed this year. This fiscal year, Children's has had to spend \$11.5 million on equipment and technology to provide adequate care to sick children and future capital needs are anticipated to reach \$125 million. Considering all of this, Mr. Sadler requested that the Commission make a one-time capital commitment so Children's Hospital can continue to help children reach their developmental potential and be ready to learn when they enter school. He specifically requested funding in the amount of \$25 million, \$12.5 this fiscal year and \$12.5 next fiscal year, to help cover the cost of substantially renovating the emergency and specialty clinics, and increasing the number of operating rooms and beds. Expected total cost of these three projects is \$75 million.

Chairman Cox commented that he had a chance to visit the Children's Hospital recently and is very appreciative of its work for the children of this community. He understands the critical needs the hospital is facing. Mr. Sadler's comments were referred to TPAC and the Executive Director for recommendation and/or alternatives. TPAC Member Bushby suggested that the Commission look into its previous positions about funding capital expenses and unsolicited

proposals. TPAC Member Nathan expressed his support to address the backlog and difficulties community pediatricians face in getting patients with autism or neurological problems in seeing the specialty care they need.

Dr. Leonard Kornreich has been a pediatrician for thirty years. He is the President of Children's Primary Care Medical Group, a 75-pediatrician, 18-office group that cares for 150,000 children in San Diego county. He commented that it was an honor and a privilege for him to serve on the Prop 10 Commission in its very first two years while the infrastructure was being developed. He is quite cognizant of the mandate to prepare children to be ready for school and the mandate to improve the social, emotional, developmental and physical health of the 0 to 5 population. However, he is also aware of the health care crisis in San Diego for the same population in terms of the physical ability to service these children. He reported that children arriving at the emergency room, in general, will not be seen for 5 hours for a moderate illness. A child who needs tubes in the ear because of chronic ear infection will require 12 weeks before being scheduled into the operating room. A child arriving with a mild, moderate arm or leg fracture will be stabilized in the emergency room and will be scheduled into the orthopedic clinic in 7 to 10 days as appropriate. He does not think there is a lack of primary care doctors. What is lacking is the facilities to see these children in an expeditious manner. He urged the Commission, and ultimately the County Board of Supervisors, to do whatever is the appropriate process to consider the needs of Children's Hospital. As a farewell comment, he stated that going back to his involvement with developing the Commission's thoughts, mandates and directions in its early years, it was never the intent of the Commission to have \$100 million in reserve. The intent was to distribute roughly 90% of the revenues coming in and to have enough money in the bank to fund those projects already approved so in case the funds became unavailable due to court cases, there would be money to fund those projects already in the system. He felt that the concept has been revised over time and suggested that the finance committee that will be formed look back at the historical minutes of the Commission.

17. Future Agenda Items

Items to be discussed at the next Commission meeting include, among other things:

- Award of Capacity Building Through Intergenerational Approaches contracts
- Award of Access to Health Care contracts
- Literacy Training for Library Staff

18. Adjournment

TPAC Member Giffin thanked the Commission on behalf of TPAC for the opportunity to sit with the Commission members at today's meeting. Chairman Cox and Commissioner Bowen expressed gratitude on behalf of the Commission for their invaluable expertise and sound judgment as advisory members to the Commission.

Chairman Cox adjourned the meeting of the Commission at 4:13 p.m. to reconvene on November 3, 2003.

Notes by Meegan

Respectfully submitted for your review and approval:

Dr. Nora Faine, Secretary

Date